

Attorney or Party Name, Address, Telephone & FAX Numbers, and California State Bar Number	FOR COURT USE ONLY
<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	
In re:          Debtor(s).	CASE NO.:

## NOTICE OF SALE OF ESTATE PROPERTY

<b>Sale Date:</b>	<b>Time:</b>
<b>Location:</b>	

Type of Sale:    ☐ Public        ☐ Private        Last date to file objections: \_\_\_\_\_

Description of Property to be Sold: \_\_\_\_\_

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Terms and Conditions of Sale: \_\_\_\_\_

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Proposed Sale Price: \_\_\_\_\_

Overbid Procedure (If Any): \_\_\_\_\_

\_\_\_\_\_

If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:

Contact Person for Potential Bidders (include name, address, telephone, fax and/or e:mail address):

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\_\_\_\_\_

Date: \_\_\_\_\_

1 James C. Bastian, Jr. – Bar No. 175415  
Mark Bradshaw – Bar No. 192540  
2 **SHULMAN HODGES & BASTIAN LLP**  
26632 Towne Centre, Suite 300  
3 Foothill Ranch, California 92610-2808  
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5 Attorneys for Debtor

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8 **UNITED STATES BANKRUPTCY COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA, SANTA ANA DIVISION**  
10

11 In re

12 **LLOYD MYLES RUCKER,**

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14 Debtor.  
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Case No. SA 06-10195 RK

Chapter 7

**DEBTOR'S NOTICE OF MOTION AND  
MOTION FOR ORDER APPROVING THE  
SALE OF PERSONAL PROPERTY KNOWN  
AS THE JRG INVESTMENT PURSUANT TO  
BANKRUPTCY CODE SECTION 363;  
MEMORANDUM OF POINTS AND  
AUTHORITIES AND DECLARATION OF  
LLOYD RUCKER IN SUPPORT**

Date: July 24, 2007

Time: 2:30 p.m.

Place: Courtroom 5D

Ronald Reagan Federal Building  
and United States Courthouse  
411 West Fourth Street  
Santa Ana, California 92701

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1 TO THE HONORABLE ROBERT N. KWAN, UNITED STATES BANKRUPTCY  
2 JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND PARTIES-IN-  
3 INTEREST:

4 **NOTICE**

5 PLEASE TAKE NOTICE that on July 24, 2007 at 2:30 p.m., in Courtroom 5D, before  
6 the Honorable Robert N. Kwan, United States Bankruptcy Judge, Lloyd Myles Rucker,  
7 ("Debtor") will bring this Motion For Order Approving the Sale of Personal Property known as  
8 the JRG Investment Pursuant to Bankruptcy Code Section 363 ("Sale Motion").

9 The Motion is based upon this Notice of the Motion, the Motion and Memorandum of  
10 Points and Authorities in Support thereof, the Declaration of Lloyd Rucker, the pleadings and  
11 files in the Debtor's bankruptcy case, and upon such further oral and documentary evidence as  
12 may be presented to the Court in support of the Motion.

13 As set forth below, the Debtor believes that the buyer's offer to purchase of the JRG  
14 Investment for \$100,000, subject to overbids, is in the best interest of the parties and that good  
15 cause exists to grant the Sale Motion so that this favorable business opportunity is not lost. The  
16 JRG Investment is owned by Lloyd Rucker Defined Benefit Pension Plan Dated October 21,  
17 2001 ("Pension Plan"). The Debtor is the trustee of the Pension Plan. The Debtor proposes to  
18 sell the JRG Investment for fair market value, to convert this asset to cash, and then to  
19 immediately deposit the proceeds into an investment account in the name of the Pension Plan.

20 PLEASE TAKE FURTHER NOTICE that objections, if any, shall be filed with the  
21 Clerk of the above Court and a copy served upon Shulman Hodges & Bastian LLP to the  
22 attention of Mark Bradshaw, 26632 Towne Centre Drive, Suite 300, Foothill Ranch, California  
23 92610 and the Office of the United States Trustee, Ronald Reagan Federal Building and United  
24 States Courthouse, 411 West Fourth Street, #9041, Santa Ana, California 92701-8000 no later  
25 than fourteen days prior to the scheduled hearing.

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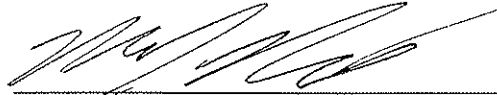
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1       **PLEASE TAKE FURTHER NOTICE** that failure to file a timely response may be  
2 deemed as consent to the relief requested in the Settlement Motion. **SEE, LOCAL**  
3 **BANKRUPTCY RULE 9013-1(a)(7) and (11).**

4  
5 Dated: June 29, 2007

**SHULMAN HODGES & BASTIAN LLP**

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8 James C. Bastian, Jr.  
9 Mark Bradshaw  
10 Attorneys for Debtor, Lloyd Myles Rucker  
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**SALE MOTION**

Prior to the Petition Date, Ronald Cuning, D.D.S. and Ronald Cuning D.D.S., Inc. (collectively, "Cuning") obtained a civil judgment against the Debtor in the amount of approximately \$3.2 million. Cuning asserts that he is a secured creditor and is owed in excess of \$6.5 million.

The Debtor filed a voluntary petition under Chapter 7 of the Bankruptcy Code on October 12, 2005, in the Southern District of Florida. Pursuant to an order dated February 6, 2006, venue was transferred to the Central District of California, Santa Ana Division. Thomas H. Casey is the duly appointed, qualified and acting Chapter 7 Trustee ("Trustee") for the Debtor's bankruptcy estate ("Estate").

In his bankruptcy schedules the Debtor claimed an exemption in the Lloyd Rucker Defined Benefit Pension Plan Dated October 21, 2001. Most of the assets of the Pension Plan consist of cash in investment accounts with Raymond James and AXA Advisors. As of the Petition Date, the Pension Plan also had two non-cash assets – the Singer Note and the JRG Investment. As discussed below, the Singer Note has already been reduced to cash and the Debtor proposes to reduce the JRG Investment to cash as well. The Debtor is the trustee of the Pension Plan.

Cuning filed an objection to the Debtor's claim of exemption in the Pension Plan. On September 22, 2006, the Court entered an order sustaining Cuning's objection ("Exemption Order"). On October 2, 2006, the Debtor filed a timely Notice of Appeal of the Exemption Order and the appeal is currently pending before the United States District Court, Case No. SACV-06-1022-MMM ("Appeal").

On November 20, 2006, the Court entered the Stipulated Order Granting Motion for Order Setting Amount of Bond in Connection with Debtor's Stay Pending Appeal of Order Sustaining Objection to Debtor's Claims of Exemption ("Stay Order"). The Stay Order provides that the Debtor is entitled to a stay of the Exemption Order pending the outcome of the Appeal and set the amount of the Debtor's Appeal bond at \$250,000 ("Appeal Bond"). The Stay Order also provides that parties may not withdraw funds without further order of the Court.

1 Since the Stay Order was entered the Singer Note has been turned into cash. In  
2 connection with a settlement approved by the Court, certain real property in Newport Beach,  
3 California was sold and the promissory note from Cliff Singer was paid. The Debtor is informed  
4 that Mr. Casey is in possession of a check from the title company for the proceeds of the Singer  
5 Note which check is made payable to the Pension Plan. The Debtor is informed that these funds  
6 will be deposited shortly into a Pension Plan investment account.

7 This Sale Motion will also allow a non-cash asset of the Pension Plan (i.e., the JRG  
8 Investment) to be turned into cash and deposited into a Pension Plan investment account. The  
9 JRG Investment was acquired by the Debtor well before the Petition Date in his capacity as  
10 trustee of the Pension Plan. The JRG Investment consists of a principal investment of \$100,000  
11 in an entity known as the Judgment Recovery Group ("JRG"). JRG is in the business of  
12 purchasing judgments from creditors and then collecting on such purchased judgments as an  
13 assignee. The Debtor believes this is a valuable asset for the Pension Plan but understands that  
14 this investment has more risk than, for example, the investment accounts with AXA Advisors.  
15 The Debtor also understands Cuning's counsel and Judge Ryan have each expressed concern  
16 about the speculative nature of the JRG Investment. In his capacity as trustee of the Pension  
17 Plan, the Debtor believes that it is a prudent business decision to sell the JRG Investment, subject  
18 to overbid, and to deposit the proceeds in an Pension Plan investment account.

19 **A. The Full Value Offer for the Purchase of the JRG Investment**

20 Attached as **Exhibit A** to the Rucker Declaration is a true and correct copy of a purchase  
21 offer from Michael Cordas ("Cordas" or "Buyer") to purchase the Loan and Security Agreement  
22 dated January 20, 2004 between LRI/JRG, Inc., and the Pension Plan for \$100,000 cash ("JRG  
23 Purchase Offer"). This is the second offer for the purchase of the JRG investment that has been  
24 received. On November 29, 2006, a purchase offer to the Trustee was tendered by IQ Capital,  
25 Inc., to purchase the JRG investment for \$100,000. The Debtor believes that the offer for  
26 \$100,000 is fair and reasonable given the nature of the asset. The Debtor will also notice this  
27 sale pursuant to Bankruptcy Code Section 363 in an effort to obtain overbids.

28 ///



1 The Court should allow the Debtor to pursue the JRG Purchase Offer with the sale  
2 proceeds to be held by the Pension Plan subject to the Exemption Order and Stay Order.

3 **B. Debtor is the Appropriate Party to Initiate the Sale**

4 Although normally it is the bankruptcy trustee that sells property pursuant to Bankruptcy  
5 Code Section 363, in the present case there are several reasons why it is appropriate for the  
6 Debtor to file the Sale Motion.

7 The Trustee has indicated several times including in the language of the Stay Order and  
8 through counsel at the recent hearing to reduce the supersedeas bond, that the Trustee does not  
9 want the JRG Investment to be sold by the bankruptcy estate and the proceeds deposited with the  
10 bankruptcy estate because of the potential tax liability this could incur. Using the recent  
11 settlement and sale of the Singer Note as an example, there is no impediment to a sale of a  
12 Pension Plan asset where the proceeds remain in the Pension Plan. In the case of the Singer Note  
13 the asset simply was changed from a promissory note owned by the Pension Plan to a check  
14 made payable to the Pension Plan. The same events would occur with the JRG Investment.

15 In fact, in many ways it makes more sense for the Debtor to file the present Sale Motion  
16 than for the Trustee to do so. In connection with the settlement with Cliff Singer and the  
17 liquidation of the Singer Note, the Trustee's counsel maintained that it was the Debtor, rather  
18 than the bankruptcy trustee, who should prepare and sign the paperwork on behalf of the Pension  
19 Plan. Whether or not the Trustee was correct in connection with the Singer Note, that issue has  
20 been eliminated in connection with the sale of the JRG Investment because the Debtor is taking  
21 the lead role by bringing this Sale Motion and by requesting the approval of the Court to do so.

22 The Debtor has actively sought out possible purchasers for the JRG Investment, resulting  
23 in two offers. The Debtor is incurring the expense to prepare this Sale Motion and to provide  
24 notice to parties in interest in an effort to generate additional offers. The Debtor, as trustee of the  
25 Pension Plan believes it is in the best interest of all parties to have the JRG Investment converted  
26 to an investment with less risk. Regardless whether the Debtor is successful on the Appeal of the  
27 Exemption Order, the prevailing party on the Appeal will benefit from this Sale Motion. By  
28 changing the nature of the investment from the JRG Investment to cash in a professionally

1 managed investment account at AXA Advisors or a similar company, the parties will minimize  
2 the risk that the JRG Investment will decrease in value during the Appeal. The speculative  
3 nature of the JRG Investment and the risk of loss were discussed at both hearings before Judge  
4 Ryan in connection with Stay Order. All of these issues are resolved by the present motion.

5 **C. Notice of Bidding Procedures**

6 The Estate would benefit by permitting all interested parties to receive information and  
7 bid for the JRG Investment instead of selling to the JRG Investment to the Buyer on an exclusive  
8 basis. Accordingly, in order to obtain the highest and best offer for the benefit of the creditors of  
9 this Estate, the Debtor also seeks Court approval of the following bidding procedures:

10 1. The potential overbidders must bid an initial amount of at least \$5,000 over the  
11 price offered for the JRG Investment by the Buyer. Minimum bid increments thereafter shall be  
12 \$2,000.

13 2. Overbids must be in writing and be received by Debtor's counsel, Shulman  
14 Hodges & Bastian LLP to the attention of Mark Bradshaw by no later than the time of hearing on  
15 the Sale Motion.

16 3. Overbids must be accompanied by certified funds in an amount equal to ten  
17 percent of the overbid purchase price.

18 4. The overbidder must also provide evidence of having sufficient specifically  
19 committed funds to complete the transaction immediately, a lending commitment for the full bid  
20 amount, or such other documentation in the Debtor's counsel's discretion demonstrating the  
21 bidder's ability to qualify as the purchaser of the JRG Investment and ability to close the sale and  
22 immediately and unconditionally pay the winning purchase price at closing.

23 5. The overbidder must seek to acquire the JRG Investments on terms and conditions  
24 not less favorable to the Estate than the terms and conditions to which the Buyer has agreed to  
25 purchase the Property, including closing on the sale of the JRG Investment in the same time  
26 parameters as the Buyer and agreeing that there will be no buyer contingencies.

27 ///

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1           6.       If overbids are received, the final bidding round for the JRG Investment shall be  
2 held at the hearing on the Sale Motion in order to allow all potential bidders the opportunity to  
3 overbid and purchase the Property.

4           The foregoing procedures will provide for an orderly completion of the sale of the JRG  
5 Investment and ensure that potential overbidders are provided with full disclosure as to the  
6 overbid procedures and the specific investment to be sold. By having all bidders compete on  
7 similar terms, the interested parties and the Court may compare competing bids in order to  
8 realize the highest benefit for the Estate. Thus, the Debtor is requesting that the Court approve  
9 the overbid procedures as a fair and reasonable method of realizing the highest and best price for  
10 the property for the benefit of this Estate's creditors.

11 **D.       Estimated Net Sale Proceeds and Proceed Placement Back in Pension Plan**

12           Through the proposed sale, the Debtor anticipates generating net proceeds of at least  
13 \$100,000. There are no broker's fees associated with this proposed sale and the Debtor is  
14 waiving the right to seek reimbursement from the Estate for bringing this Sale Motion. The  
15 estimated net proceeds will increase in the event the purchase price is increased by a successful  
16 overbid.

17           The proceeds will be placed directly back into the Pension Plan, thus not prejudicing any  
18 party. This Pension Plan, pursuant to the outcome of the upcoming appeal, will either go to the  
19 Debtor as his exempt retirement plan or the Estate. This is a beneficial transaction for both the  
20 Debtor and the Estate because it allows for what has been considered a high risk asset with  
21 speculative value to become liquidated and added as part of the cash kept in the Pension Plan. It  
22 is really just changing an asset already in the Pension Plan into a more secure form. Once in the  
23 Pension Plan, the cash will be held with professional management company such as AXA  
24 Advisors. Thus, this sale would not detrimentally affect the Appeal in any way and will just  
25 allow a speculative asset in the Pension Plan to be turned into cash.

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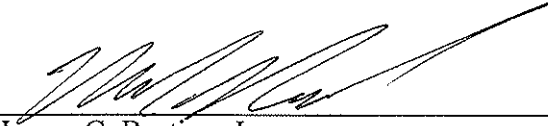
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1           **WHEREFORE**, the Debtor requests that the Court allow the Debtor to sell the JRG  
2 Investment, approve the Bidding Procedures as set forth above and for such other and further  
3 relief as the Court deems just and proper.

4  
5 Dated: June 29, 2007

**SHULMAN HODGES & BASTIAN LLP**

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7 

James C. Bastian, Jr.

Mark Bradshaw

Attorneys for Debtor, Lloyd Myles Rucker

1 **MEMORANDUM OF POINTS AND AUTHORITIES**

2  
3 **I. COURT MAY AUTHORIZE THE SALE OF THE PROPERTY WHEN THERE IS**  
4 **A SOUND BUSINESS PURPOSE AND IT SERVES THE ESTATE'S BEST INTEREST**

5 The standards to establish to sell estate property include that there is a sound business  
6 purpose for the sale and that the sale is in the best interest of the estate, i.e. the sale is for a fair  
7 and reasonable price, that there is accurate and reasonable notice to creditors and that the sale is  
8 made in good faith. In re Wilde Horse Enterprises, Inc., 136 B.R. 830, 841 (Bankr. C.D. Cal.  
9 1991); In re Lionel Corp., 722 F.2d 1063, 1069 (2d Cir. 1983). The Debtor's proposed sale of  
10 the JRG Investment meets the foregoing criteria.

11 **A. Sound Business Purpose**

12 There is sound business purpose in the proposed sale because it allows a speculative asset  
13 to be turned into cash, which can then be held in the Pension Plan by a professional asset-  
14 management company. This sale is to the benefit of all parties involved because of the more  
15 secure form this asset would become.

16 The Ninth Circuit in In re Walter, 83 B.R. 14 (Bankr. 9th Cir. 1988) has adopted a  
17 flexible, case by case test to determine whether the business purpose for a proposed sale justifies  
18 disposition of property of the estate under Section 363(b). In Walter, the Ninth Circuit, adopting  
19 the reasoning of the Fifth Circuit in In re Continental Air Lines, Inc., 780 F.2d 1223 (5th Cir.  
20 1986), and the Second Circuit in In re Lionel Corp., 722 F.2d 1063 (2d Cir. 1983), set forth the  
21 following standard to be applied under Bankruptcy Code Section 363(b).

22  
23 Whether the proffered business justification is sufficient depends  
24 on the case. As the Second Circuit held in Lionel, the bankruptcy  
25 judge should consider all salient factors pertaining to the  
26 proceeding and, accordingly, act to further the diverse interests of  
27 the debtor, creditors and equity holders, alike. He might, for  
28 example, look to such relevant factors as the proportionate value of  
the assets to the estate as a whole, the amount of lapsed time since  
the filing, the likelihood that a plan of reorganization will be  
proposed and confirmed in the near future, the effect of the  
proposed disposition on future plans of reorganization, the  
proceeds to be obtained from the disposition vis-à-vis any  
appraisals of the property, which of the alternatives of use, sale or  
lease the proposal envisions and, most importantly perhaps,

1 whether the asset is increasingly or decreasing in value. This list is  
2 not intended to be exclusive, but merely to provide guidance to the  
3 bankruptcy judge.

4 Walter, supra, at 19-20 quoting In re Continental Air Lines, Inc., 780 F.2d 1223, 1226 (5th Cir.  
5 1986).

6 Here, the facts surrounding the sale of the JRG Investment support the Debtor's business  
7 decision that the proposed sale is in the best interest of the Estate and its creditors. Considering  
8 that the sale of the JRG Investment shall be subject to the overbid procedures, the Debtor  
9 believes the Buyer's offer for the purchase of the JRG Investment to be in the best interest of the  
10 Estate and its creditors and the proposed purchase price of \$100,000 subject to overbids is fair  
11 and reasonable under the circumstances of this case.

12 **B. The Sale Serves The Best Interests Of the Estate and Creditors**

13 The benefits to the Estate, as set forth above, are significant because the value of the asset  
14 will be protected during the Appeal. There can be no dispute that funds held in a money market  
15 or similar account will be safer than what has been described by several parties as a speculative  
16 investment. Neither party will benefit if the JRG Investment loses value during the Appeal. The  
17 Although the Debtor has been able to locate to offers to purchase the JRG Investment there is no  
18 assurance that such offers would be available in the future or that the amount of the offer would  
19 be the same. It is in the best interest of the parties to allow the Debtor to sell the JRG Investment  
20 before losing this beneficial business opportunity.

21 **C. Sale Amount is Fair and Reasonable**

22 Through the proposed sale, the Debtor anticipates generating net proceeds of  
23 approximately \$100,000. The estimated net proceeds will increase in the event the purchase  
24 price is increased by a successful overbid. This \$100,000 offer amount is fair and reasonable  
25 because this asset has been considered to have speculative value through recent proceedings,  
26 because the present offer of \$100,000 is consistent with a prior offer for \$100,000, and because  
27 the Debtor in his capacity as trustee of the Pension Plan is familiar with the assets and their value  
28 and has determined that \$100,000 is a reasonable price.

1 **D. Accurate and Reasonable Notice**

2 It is expected that notice of this Sale Motion will satisfy the requirements for accurate  
3 and reasonable notice and will be appropriate.

4 The Debtor shall provide notice of the proposed sale to creditors and parties in interest.  
5 The Notice of this Sale Motion will include a summary of the terms and conditions of the  
6 proposed sale, the time fixed for filing objections, and a general description of the JRG  
7 Investment. The Debtor submits that the notice requirements will have been satisfied, thereby  
8 allowing creditors and parties in interest an opportunity to object to the sale. Hence, no further  
9 notice should be necessary.

10 **E. The Sale is Made In Good Faith**

11 The proposed sale has been brought in good faith and has been negotiated on an "arms  
12 length" basis.

13 The court, in Wilde Horse Enterprises, set forth the factors in considering whether a  
14 transaction is in good faith. The court stated:

15 'Good faith' encompasses fair value, and further speaks to the  
16 integrity of the transaction. Typical 'bad faith' or misconduct,  
17 would include collusion between the seller and buyer, or any  
18 attempt to take unfair advantage of other potential purchasers. . . .  
19 And, with respect to making such determinations, the court and  
creditors must be provided with sufficient information to allow  
them to take a position on the proposed sale. (citations omitted)

20 Id. at 842.

21 In the present case, the negotiation of the proposed sale was an arms-length transaction.  
22 The negotiations with the buyer have resulted in an offer to buy the JRG Investment that will  
23 have substantial benefit. As set forth in the Notice of the Sale Motion, the creditors will have  
24 been provided with sufficient notice of the sale under the circumstances of this case.  
25 Accordingly, the sale is in good faith and should be approved. The Debtor shall request such a  
26 finding pursuant to Bankruptcy Code Section 363(m) at the hearing on this Sale Motion.

27 **II. THE COURT HAS AUTHORITY TO APPROVE THE BIDDING PROCEDURES**

28 Implementation of the bidding procedures is an action outside of the ordinary course of  
the business. Bankruptcy Code Section 363(b)(1) provides that a trustee "after notice and

1 hearing, may use, sell or lease, other than in the ordinary course of business, property of the  
2 estate.” Furthermore, under Bankruptcy Code Section 105(a), “[t]he court may issue any order,  
3 process, or judgment that is necessary or appropriate to carry out the provisions of this title.”  
4 Thus, pursuant to Bankruptcy Code Sections 363(b)(1) and 105(a), this Court may authorize the  
5 implementation of overbidding procedures.

6 The Ninth Circuit, in a case under the Bankruptcy Act, recognized the power of a  
7 bankruptcy court to issue orders determining the terms and conditions for overbids with respect  
8 to a sale of estate assets. In re Crown Corporation, 679 F.2d 774 (9th Cir. 1982). The Crown  
9 Corporation court entered an order specifying the minimum consideration required for an  
10 overbid as well as the particular contractual terms required to be offered by overbidders. Id. at  
11 777. The Crown Corporation decision also approves an order requiring and setting the amount  
12 of potential overbidder’s deposits and authorized courts to determine the disposition of such  
13 deposits. Id. While the discussion is not extensive, the Crown Corporation decision recognizes  
14 the authority of bankruptcy courts to order the implementation of bidding procedures such as  
15 those proposed in the present case.

16 **A. The Overbid Procedures Are Untainted by Self-Dealing**

17 The overbid procedures have been proposed in good faith and have been negotiated on an  
18 “arms length” basis. Therefore, there is no prospective taint in dealings between Debtor and any  
19 potential bidders.

20 **B. The Overbid Procedures Encourage Bidding And Are Fair In Amount**

21 The bidding procedures are designed to encourage, not hamper bidding and are  
22 reasonable under the circumstances. The bidding procedures are intended to provide potential  
23 overbidders with adequate information to make an informed decision as to the amount of their  
24 bid and the validity of their bid.

25 **C. The Overbid Procedures Are Fair, Reasonable And Serve The Best Interests Of The**  
26 **Estate**

27 The proposed bidding procedures serve the Estate in several ways. First, the procedures  
28 themselves are fair, reasonable and productive; they will permit the Debtor’s counsel to conduct



1 an orderly sale and obtain the best possible price on the best possible terms for the JRG  
2 Investment.

3 The bidding procedures will ensure that all bids will be comparable. The Debtor's  
4 counsel will determine which bid is the highest and best for the Estate. The comparability  
5 requirement of the bidding procedures will make it possible to accomplish this task.

6 The bidding procedures will help the Debtor to obtain the highest and best possible price  
7 for the JRG Investment. The bidding procedures institutes minimum overbid increments which  
8 the Debtor believes are reasonable. Thus, Debtor will be able to obtain substantial benefit for  
9 this Estate from the sale of the Property from competing bids.

10 The bidding procedure requires that potential bidders demonstrate their capacity to  
11 complete the transaction. It would be a serious loss to the parties to surrender this opportunity to  
12 sell the JRG Investment to one buyer in favor of a competing bidder only to discover the  
13 successful bidder incapable of consummating the transaction. Thus, requiring bidders to qualify  
14 as qualified bidders will protect the parties from such a loss.

15 The proposed bidding procedures establish a reasonable but expeditious timeline for  
16 allowing the Debtor to give notice of the proposed sale and qualified bidders to conduct  
17 reasonable due diligence and submit competing offers for the JRG Investment, thereby  
18 potentially generating additional value. Furthermore, the notice that the Debtor proposes to  
19 provide to parties in interest in connection with the bidding procedures and Sale Motion is  
20 designed to attract the most interest in the acquisition of the JRG Investment and is sufficient  
21 under the circumstances of this case. Thus, approval of the bidding procedures would serve the  
22 best interests of the parties.

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Dated: June 29, 2007

**SHULMAN HODGES & BASTIAN LLP**

**SHULMAN HODGES &  
BASTIAN LLP**  
26632 Towne Centre Drive  
Suite 300  
Foothill Ranch, CA 92610

**DECLARATION OF LLOYD RUCKER**

I, Lloyd Rucker, declare:

1. I am the debtor in the bankruptcy case of In re Lloyd Myles Rucker, Case No. SA 06-10195 JR. I have personal knowledge of the facts set forth herein and could, if called as a witness, competently testify thereto.

2. I filed a voluntary petition under Chapter 7 of the Bankruptcy Code on October 12, 2005, in the Southern District of Florida.

3. In my bankruptcy schedules I claimed an exemption in the Lloyd Rucker Defined Benefit Pension Plan Dated October 21, 2001. Most of the assets of the Pension Plan consist of cash in investment accounts with Raymond James and AXA Advisors. As of the Petition Date, the Pension Plan also had two non-cash assets – the Singer Note and the JRG Investment. As discussed below, the Singer Note has already been reduced to cash and the Debtor proposes to reduce the JRG Investment to cash as well. I am the trustee of the Pension Plan.

4. On November 20, 2006, the Court entered the Stipulated Order Granting Motion for Order Setting Amount of Bond in Connection with Debtor's Stay Pending Appeal of Order Sustaining Objection to Debtor's Claims of Exemption ("Stay Order"). The Stay Order provides that I am entitled to a stay of the Exemption Order pending the outcome of the Appeal and set the amount of the Debtor's Appeal bond at \$250,000 ("Appeal Bond").

5. Since the Stay Order was entered the Singer Note has been turned into cash. In connection with a settlement approved by the Court, certain real property in Newport Beach, California was sold and the promissory note from Cliff Singer was paid. I am informed that Mr. Casey is in possession of a check from the title company for the proceeds of the Singer Note which check is made payable to the Pension Plan.

6. The Sale Motion will allow a non-cash asset of the Pension Plan (i.e., the JRG Investment) to be turned into cash and deposited into a Pension Plan investment account. The JRG Investment was acquired by me well before the Petition Date in my capacity as trustee of the Pension Plan. The JRG Investment consists of a principal investment of \$100,000 in an entity known as the Judgment Recovery Group ("JRG"). JRG is in the business of purchasing

1 judgments from creditors and then collecting on such purchased judgments as an assignee. I  
2 believe this is a valuable asset for the Pension Plan but I also understand that this investment has  
3 more risk than, for example, the investment accounts with AXA Advisors. I also know that  
4 parties have expressed concern about the speculative nature of the JRG Investment.

5 7. I believe that it is a prudent business decision to sell the JRG Investment for  
6 \$100,000, subject to overbid, and to deposit the proceeds in an Pension Plan investment account.

7 8. Attached hereto as **Exhibit A** is a true and correct copy of a purchase offer I  
8 received from Michael Cordas ("Cordas" or "Buyer") to purchase the Loan and Security  
9 Agreement dated January 20, 2004 between LRI/JRG, Inc., and the Pension Plan for \$100,000  
10 cash ("JRG Purchase Offer"). This is the second offer for the purchase of the JRG investment  
11 that has been received. On November 29, 2006, a purchase offer was forwarded to the Trustee  
12 by IQ Capital, Inc., to purchase the JRG investment for \$100,000.

13 I declare under penalty of perjury under the laws of the United States of America that the  
14 foregoing is true and correct.

15 Executed on June 12, 2007 at Miami, Florida.

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18 \_\_\_\_\_  
19 Lloyd Rucker  
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**EXHIBIT A**

Offer

**Michael Cordas**  
23 Overlook Dr  
Newport Coast, Ca. 92657

April.12, 2007

**VIA FACSIMILE and US MAIL**  
**(949) 766-9896**

Tom H. Casey  
Chapter 7 Trustee  
Lloyd Myles Rucker – Chapter 7 Bankruptcy Case No. SA 06-10195 JR  
22342 Aveinda Empresa, Suite 260  
Ranch Santa Margarita, CA 92688

**Re: Offer**  
**Loan and Security Agreement Dated January 20, 2004**  
**Between LRI / JRG, Inc. as "Borrower" and**  
**The Lloyd Rucker Defined Benefit Pension Plan dated 10/23/2001 ("Plan")**

Dear Mr. Thomas H. Casey:

This letter ("**Letter**") sets forth my offer ("**Offer**") for the above referenced agreement ("**Agreement**").

The terms of my Offer are as follows:

1. **Purchase Price:** I will purchase all of the Plan's rights and benefits (but not the burdens or obligations) under the Agreement for a one-time payment of One Hundred Thousand Dollars (\$100,000.00).
2. **Closing Date:** My purchase of the Agreement shall close on or before June 30, 2007. On the Closing Date, I shall deliver in care of your office a cashier's or certified check made payable to United States Trustee as payment in full for the Agreement and, concurrently therewith, you shall deliver to me (i) the original Agreement, (ii) all documents showing my rights under the Agreement, (iii) all documents evidencing the existence of the Agreement, and (iv) a certified copy of the Bankruptcy Court's Order authorizing the sale of the Agreement to me on the terms set forth in this Letter.
3. **Contingency:** My Offer is contingent on the Bankruptcy Court issuing an order approving the sale of the Agreement to me on the terms of **this Letter pursuant to Bankruptcy Code Section 363 (f)** by June 30, 2007. If the Bankruptcy Court does not issue said order by June 30, 2007, my Offer is automatically withdrawn.
4. **No Liability:** In purchasing the Agreement, I am not accepting liability or obligations related to the Agreement. You and The Lloyd Rucker Defined Benefit Pension Plan dated 10/23/2001 will not have liability under this Letter if the Court

EXHIBIT A PAGE 21

does not issue an order approving the Sale of the Agreement on the terms set forth in this Letter.

5. **Entire Offer:** My entire Offer regarding the Agreement is contained in this Letter. **This offer shall remain open until June 15, 2007.**
6. **Cooperation:** You and The Lloyd Rucker Defined Benefit Pension Plan dated 10/21/2001 will reasonably cooperate with my enforcement of the Agreement and my investigation into the Agreement.

Please acknowledge your acceptance of the terms of this Offer by signing where indicated below:

Very truly yours,

  
Michael Cordas

Dated: 4-16-2007

**AGREED AND ACCEPTED**

***The Lloyd Rucker Defined Benefit Pension Plan dated 10/21/2001***

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Tom Casey, Trustee of The Lloyd Rucker Defined Benefit Pension Plan dated 10/21/2001

**APPROVED AS TO FORM AND CONTENT**

Thomas H. Casey

By: \_\_\_\_\_

Dated: \_\_\_\_\_

Tom Casey, Chapter 7 Trustee of Lloyd Myles Rucker Case No. SA 06-10195 JR